

Compaq growth surges as market clamors for high-performance products

End users want more COMPAQ products. This requires more people and that, in turn, requires more buildings. While the company races to keep up with market demand, it also is racing to meet internal needs created by world-wide growth. By mid-October, the company had hired more than 1,500 full-time employees in 1987, bringing the worldwide total to more than 3,500—not including several hundred temporary employees. For most people enroute to a company meeting at Compaq Center West, this would be their first glimpse of CCM 3, the newest Houston manufacturing facility. Story, page 2

Celebrate holidays with music

In appreciation for another year of hard work, Compaq employees are offered their choice of musical holiday events: a private performance by the Houston Symphony Orchestra, or a private showing of the classic musical, "The Sound of Music." A form is enclosed in this issue to name your choice. The \$1 per ticket fee will be presented as a holiday donation to a charity. Story, page 4



New high-performance graphics options offered

As *Inside & Out* goes to press, the company has announced new display options. Two new monitors — one color, one monochrome — and a video graphics controller board incorporate features compatible with the IBM PS/2 Video Graphics Array (VGA), while delivering significantly higher performance. The company also introduced an internal expanded memory board for the COMPAQ PORTABLE III™ which can increase Random Access Memory (RAM) to a maximum of 6.6 megabytes. Story, page 3

A McDonald's 'shake' may not be what you think

From California to Japan, Compaq has a good supply of earthquake stories — fortunately, none too serious. For personnel working in California, earthquakes are a way of life. Several technicians visiting the state during its recent earthquake found it a highly unusual experience — and a serious disruption of breakfast plans. Last year, two engineers visiting Japan experienced one of the country's worst earthquakes in decades. It left them pondering the true nature and physics of "earthquake-resistant" buildings. Story, page 7



On your mark — get set —

This month, it's a "go" for Scotland manufacturing operations. Finishing touches include landscaping to help the facility blend with its rural setting. Story, page 5

Building ROM

At Compaq, engineers jokingly say it takes only hours. Um — that was a joke, wasn't it? Senior Customer Support Representative Rosalie Saldia shares humorous buttons given away by Computerworld, a major industry publication. More buttons, page 10

ROM wasn't built in a day.
COMPUTERWORLD

Company's growth surges in response to market demand



At each company meeting, it becomes more obvious how quickly Compaq is growing. Including temporary employees, more than 4,000 people are working to meet demand for products

The company's newest Houston manufacturing facility — 161,215 sq. ft. of empty space awaiting installation of equipment — proved to be the only Compaq facility large enough to hold more than 3,000 employees who gathered Oct. 2 for a company meeting to review new products.

Finding a single location for all Houston employees to meet has grown increasingly difficult. As on two previous occasions, empty manufacturing facilities still under construction have enabled people to get first-hand views of the company's expansion at employee meetings.

People arrived by bus and on foot for the recent meeting, many wearing T-shirts with the product announcement theme, "In the Spirit of Excellence."

Compaq President Rod Canion told the group more than 15,000 people attended announcement events in the U.S. and abroad to witness the introduction of the COMPAQ DESKPRO 386/20™ and the COMPAQ PORTABLE 386™. Those events ranged "from Sydney, Australia to Rome, Italy and Toronto, Canada," Canion told the group.

"This announcement was one of the most significant events in the company's history," he said, later adding, "These two leadership products, combined with the other products in the Compaq family, further reinforce Compaq's position as the performance and technology leader in the personal computer industry today."

The audience responded with ap-

plause as Canion compared Compaq with IBM in its ability to get products to market quickly, with the most advanced technology.

"Compaq shipped its 8-megahertz 8086 product almost three years ahead of IBM. We began shipping our 12-megahertz 80286 product a month before IBM started shipping its 10-megahertz 80286 product. We shipped our 16-megahertz 80386 products a full nine months before IBM shipped its first 16-megahertz 80386 product.

"Now we are shipping our 20-megahertz product an unknown amount of time ahead of IBM — and

with a 20% to 30% performance advantage over that product when it finally appears.

"In the portable area, there is really no contest. Compaq is clearly leading the way in portable technology."

Canion praised the entire Compaq "team" worldwide for consistently and successfully making superior products available with short development and manufacturing cycles.

Catching up, ramping up

In early September, manufacturing faced backlogs on orders for the COMPAQ PORTABLE III and the COMPAQ DESKPRO 286®. That's the

amount of time between receiving an order and shipping it.

Meanwhile, the company was gearing up to produce two additional products, as well as meeting the seasonal increase in orders which the industry experiences each year during the fourth quarter.

A second shift was added at Compaq Center Manufacturing I, which produces the desktop units, and another assembly line was put into operation at Sommermeyer, where personnel worked 10-hour days and also many Saturdays.

A desperate need for more burn-in slots, to test units as they ran, was met by adding more racks on the carousels used for burn-in, increasing total capacity by approximately 2,000 units. Printed circuit boards produced by the firm's Singapore operation helped meet the heavy demand for PCBs.

At Sommermeyer, the options staff was expanded to handle a huge increase in business from 1986. Manufacturing managers at both facilities set out plans to meet a heavy increase in the volume of units to be produced during the first month of the fourth quarter.

People responsible for ordering and distributing materials were also put to the test. Shortages of some components slowed manufacturing from time to time, as Compaq purchasing managers, engineers and manufacturing operations personnel worked with vendors to get supplies.

The herculean task was managed "with smoke and mirrors," laughed



The company's Singapore PCB operation shut down for a half day on Sept. 30 as 233 Compaq Asia employees gathered at the Pavilion Intercontinental Hotel to celebrate announcement of two new products

Wayne Collins, Vice President of Corporate Resources, alluding to a favorite illusionists' trick.

"Actually, we try to work very closely with the vendors as they introduce new technology, and we introduce that into our new products.

"The secret is the tight communication we were able to achieve with our vendors. One of the things we try hard to do is to emphasize our partnership with our vendors."

"People take a certain amount of pride in it," observed Greg Petsch, Director of Computer Operations, in early September.

"I think it's great. I made the comment many times 'I would love to have a product we were capacity-limited on' — and lo and behold! we have two at once!" he said, noting this was a welcome — if difficult — symbol of the success of COMPAQ products.

"October was a record. This is by far the biggest month we've ever had," said Petsch, adding it surpassed even September production, which broke all previous records.



Adding carousel racks helped increase volume output at manufacturing sites. Gerry Clark, New Product Manager, PCB Assembly, observes units being tested

At the Papalote distribution center, which ships computers worldwide, a second shift was added to help handle the volume. Brookhollow service operations also added a second shift to repair and test printed circuit boards.

"The real phenomenon is that end

users did not flock to the new IBM products quickly, as many in the industry anticipated. The tremendous demand for our products is proof positive that our strategy is the best: listen to the customers and provide them with what they want," he concluded.

Maintaining dealer satisfaction

The field sales group met one of its toughest challenges ever in working with Authorized Dealers who couldn't get enough COMPAQ computers.

Ross Cooley, Vice President of Sales, explained that because customer demand is so high, many dealers don't realize that Compaq is actually shipping them far more computers than ever before. The problem is that customers still want far more computers than the company has been able to produce.

"Every dealer is showing significant increase in sales of COMPAQ products this year over last," Cooley said.

The company has worked out a plan to allocate specified numbers of units to various dealers, so everyone gets a fair quantity.

In spite of the backlogs, "this is going to be an unbelievably successful year," Cooley said. "There are going to be more COMPAQ users than ever before, and more wanting to buy next year because of the company's success this year."



COMPAQ Video Graphics Monochrome Monitor

Compaq introduces new graphic, memory options

Compaq offers improved computer graphics with three new options introduced Oct. 23:

- the COMPAQ Video Graphics Controller Board, with performance enhancements offering more flexibility than the IBM PS/2 Video Graphics Array (VGA);

- the COMPAQ Video Graphics Color Monitor, which offers support for up to 256 simultaneous colors; and

- the COMPAQ Video Graphics Monochrome Monitor, providing up to 64 shades of high-resolution gray tones.

The new monitors and controller board incorporate features compatible

with the IBM PS/2 Video Graphics Array, while offering up to 50% higher performance when configured appropriately.

Also introduced was an optional expanded memory board for the COMPAQ PORTABLE III, which can upgrade Random Access Memory (RAM) from 640 kilobytes to a maximum of 6.6 megabytes. The board occupies an internal expansion slot within the computer, so does not require the optional expansion unit. The memory board operates at 12 megahertz, with 50% higher performance than other third-party expanded products that operate at 8 megahertz.

More record sales, earnings announced

Compaq reported net income for the quarter ended Sept. 30 rose to \$36 million, a 319% increase over net income of \$9 million for the third quarter of 1986. Earnings per share rose to \$.94, compared with fully diluted earnings per share of \$.28 in the corresponding period a year ago.

Sales for the third quarter of 1987 were \$313 million, a 113% increase over sales of \$147 million in the third quarter of 1986 and a 17% increase over sales of \$268 million in the second quarter of 1987.

Net income for the first nine months of 1987 was \$87 million or \$2.29 per share on a fully diluted basis, compared with \$27 million, or \$.85, in the first nine months of 1986.

Sales for the nine-month period were \$792 million, compared with \$438 million during the corresponding period last year.

Included in net income for both the third quarter and the nine months ended Sept. 30 is a non recurring, after-tax gain of approximately \$3 million resulting from an equity financing by Conner Peripherals, Inc., a disk drive manufacturer in which Compaq has an interest. The sale of stock by Conner at prices higher than that paid by Compaq for its interest resulted in an increase in the value of Compaq's investment and a corresponding gain.

The sharp rise in the company's sales and earnings during the third quarter was generated by strong demand for high-performance COMPAQ Personal Computers. Sales of the company's two leading products, the 12-MHz COMPAQ DESKPRO 286® Personal Computer and the COMPAQ PORTABLE III Personal Computer, both increased strongly over the preceding quarter.

"Compaq achieved excellent results during the third quarter of 1987, which

represents the fourth quarterly period in a row that the company has posted record sales and earnings," said Rod Canion, President.

"These results are particularly noteworthy because they were produced during a period when seasonal factors typically reduce sales in both the U.S. and Europe. They reflect once again the customer acceptance of the company's product lines and the leadership position that Compaq holds in the business personal computer market," he said.

The company further strengthened its position by introducing, during the third quarter, two of the fastest and most powerful personal computers in the world. The new COMPAQ DESKPRO 386/20 and the COMPAQ PORTABLE 386 are based on the high-performance 20-megahertz Intel 80386 microprocessor. Both new products shipped in volume to Authorized COMPAQ Computer Dealers at the time of announcement and added to the company's third quarter sales as a result of substantial initial orders.

"Our ability to meet demand for our products improved significantly in this period. We expanded our Singapore operations, added more shifts to our U.S. manufacturing operations, increased the amount of automated equipment in our facilities, and developed additional sources of materials," Canion said. "The COMPAQ PORTABLE III shortages versus market demand eased considerably. The backlog on the COMPAQ DESKPRO 286 and COMPAQ DESKPRO 386® Personal Computers will likely continue through the fourth quarter."

For the year ended December 31, 1986, the company reported net income of \$43 million, or \$1.33 per share on a fully diluted basis, on sales of \$625 million.



Private concert, musical planned for employees during holidays



As the holidays approach, a choice of holiday events is offered to Compaq Houston personnel in appreciation of their hard work throughout the year:

On Saturday, Dec. 12, the company has reserved the Music Hall for a private performance of the musical, "The Sound of Music." Presented by Theatre Under the Stars, the performance will begin at 8 p.m.

On Sunday, Dec. 20, the Houston Symphony Orchestra will present a private performance of its "Traditional Christmas Pops" program. The concert begins at 2 p.m. in Jones Hall.

The events are open to all full-time, regular Compaq employees.

You may register for tickets on the Reader Response Card enclosed in this issue. Please be sure to mark which performance you wish to attend. Each em-

ployee will receive two tickets for \$1 each. The monies collected will be distributed to a charity. Last year, the company contributed \$2,204 to Toys for Tots through a similar effort.

If extra tickets are available, they will be distributed on a first-come, first-serve basis.

'Sound of Music'

This musical classic, created by Richard Rodgers and Oscar Hammerstein, relates the real-life story of Maria von Trapp. While preparing to take her vows as a nun in an Austrian convent, young Maria was sent to serve as governess to seven motherless children. In so doing, she helped soften the iron hand with which the children's father, Baron von Trapp, ruled the household.

The young governess also developed the family's musical talent, which

— after her marriage to the baron — ironically enabled them to escape over the Alps when the Nazis claimed Austria and tried to press the baron into military service. The family later came to the United States, where they established an inn in Vermont.

"The Sound of Music" received many awards, both for its Broadway performances and its film version, which starred Julie Andrews.

The cast for the Houston performances had not been named at press time.

Symphony concert

The Houston Symphony Orchestra's annual series of popular music includes "Traditional Christmas Pops" Dec. 20, featuring both classical music and a popular banjoist/singer.

The first half of the program in-

cludes "The Polonaise" from "Christmas Eve" by Rimsky-Korsakov, "The Fantasia on Greensleeves" by Vaughan Williams and "Troika" from the "Lieutenant Kije" suite by Prokofiev. Also on the program are "The Skater's Waltz" by Waldteufel and several movements from "The Nutcracker Suite" by Tchaikovsky.

The second half of the program features Bill Crowfut, who will play the banjo and sing a selection of Christmas music. The Houston Symphony Chorus also will perform.

The program is directed by Richard Fletcher, Assistant Conductor of the Houston Symphony Orchestra.

To register for tickets, simply fill out and return the pre-addressed Reader Response Card enclosed in this issue by Dec. 1.

Soft drink cans help save Battleship

In August, Compaq employees in Houston consumed 5,249 cases of soft drinks.

That translates to 124,800 cans of Cokes, Diet Sprites, Barq's Root Beers, Minute Maid Orange Drinks and other beverages provided free to Compaq personnel.

Rather than throwing the cans away, people are being asked to put them in special containers so they can be recycled. Monies from recycling will be used to help restore the 73-year-old Battleship Texas, the only surviving warship to serve in both world wars.

The battleship was berthed in Texas after World War II, when Texas schoolchildren and community groups raised funds — with the help of Admiral Chester Nimitz — to save the ship from being used for target practice.

Now a major fundraising effort is underway to raise \$10 million for structural repairs to the ship, which has been on display at the San Jacinto Battleground State Historical Park in the Houston area. A statewide campaign to gather cans for recycling will help fund that effort.

Compaq President Rod Canion said he hopes Compaq can raise \$10,000 for the fund by donating empty soft drink cans. People may also bring soft drink cans from home; however, Renee Leach, Chairman of the Compaq recycling

campaign, stressed that only aluminum cans can be accepted.

The recycling campaign began Oct. 12, and will continue through Dec. 31.

'Lucky ship'

Battleship Texas began active service in 1914 as the world's most powerful warship.

It was known as the "lucky ship." During World War I, the ship's adventures included escaping an enemy torpedo while patrolling the North Sea with the British Fleet.

During World War II, the battleship supported the invasions of North Africa, Normandy, Southern France, Iwo Jima and Okinawa. During the Normandy invasion, the ship was hit twice by gunfire, but one shell failed to explode. One sailor died in the attack, the ship's only battle fatality in two wars.

For further information on the Battleship Texas restoration effort, contact one of the Compaq campaign committee members: Renee Leach, Records Control Analyst, CCA; Norm Carlsen, Manager, Vendor Quality Engineering, CCA; Judy Diamond, Records Coordinator, CCW; Rich Niermeyer, Manager, Office Services, CCW; Michael Jackson, Manager, Plant Operations, CCW; Bill Tyler, Manager, Office Security, Chasewood II; Mary Kuna, Director, Communications Services, CCA; and Ruth Howard, Engineering Departmental Administrator, Chasewood I, who represents ACE.



Donating cans to help save the Battleship Texas are Skip Haynes, Manager, Vendor Quality Engineering, left, and Thomas Morales, Assistant Engineer, Vendor Quality Engineering

Move-in nears for new Houston, Scotland facilities

The first phase of Scotland manufacturing facilities is nearly completed. The group will try out its manufacturing processes in early December, with first shipments to Authorized Dealers planned for Jan. 4.

The 130,000 sq. ft. facility includes manufacturing operations, customer service and offices for administrative and support personnel.

Early in the year, when construction first began, facilities planners laid the groundwork for landscaping. Tiny trees were planted in a nursery area for later transplanting around the site. Thousands of wildflowers also have been planted to help the site blend gracefully with its rural Scottish terrain.

Back in Houston, construction progresses rapidly on Compaq Center West, built on land adjacent to existing facilities. The original headquarters site is now called "Compaq Center East" to make it easier to identify each of the two complexes.

A nearly-completed 161,215 sq. ft. manufacturing building, CCM 3, will provide assembly and office space for Printed Circuit Board (PCB) operations. The PCB group will move to the facility one assembly line at a time, beginning in December, to prevent serious disruption of its production.



The Erskine, Scotland manufacturing complex is nearly complete, and will begin shipping products in early January

The company's rapid growth required adding two stories to all three office buildings under construction at CCW. Each eight-story building contains 200,000 sq. ft. of office space. A single-story building for building prototype products is also being built; all four buildings should be finished around August.

Foundation work will soon begin on CCM 4 and CCM 5 manufacturing buildings and on a distribution facility.

A second CCW parking garage will be completed in January or February, with two more not far behind.



When completed, this office building — one of three under construction at CCW — will add 200,000 sq. ft. of office space in Houston



Construction nears completion at CCM 3, the company's newest Houston manufacturing facility, located at Compaq Center West



Work halted briefly at CCM 3 as Houston employees held a meeting on its lower level. Here, work continues on second-level offices

New support group gets lots of calls



Members of the Headquarters Customer Support Group ham it up as they wait for more calls from COMPAQ personnel requesting help. Their manuals normally aren't piled up this way, but this represents only a portion of the reference materials used by the group in solving computer problems. From left, group members include Rosalie Saldua and Damon Harper, Senior Customer Support Representatives; Carolyn Case, Customer Support Specialist; and Lloyd Phelps, Jim Adams and Craig Marsh, Customer Support Representatives. Not pictured are David Eikenberry and Patrick O'Donnell, Customer Support Representatives; and Kenneth Nunn, Headquarters Customer Support Manager

A new group that provides computer assistance for Houston personnel handled an average of 40 calls per day during its second month.

The Headquarters Support Group dispatched people to provide onsite assistance for about 60% of the calls, and helped another 40% by phone.

A few reminders are offered by the group to prevent computer frustrations:

- Remember to do a periodic back-up of data on the fixed disk drive. If you don't have a tape backup unit, copy the data onto a floppy disk. A few minutes spent backing up can save days of re-creating data lost if your hardware fails.

- Most COMPAQ desktop units are shipped without a video card. When ordering a COMPAQ DESKPRO®, COMPAQ DESKPRO 286 or COMPAQ DESKPRO 386™, please remember to order a video card if required.

- People with a direct connection to the company's Hewlett-Packard mainframe computers should be sure the cable is out of the way, and cannot be accidentally rolled over with a chair.

More parking garage offices



Before: nothing but plastic sheets and pea gravel covered 30,000 sq. ft. of this CCW parking garage . . .

On Sept. 8, half of the second level of the CCW parking garage was an empty space, covered with plastic sheeting and pea gravel to keep water from seeping through to the level below.

That was the day Joe Driskill, Site Facilities Supervisor, received directions to organize construction of 200 offices in the parking garage, which already houses Facilities personnel in temporary office space.

Work proceeded rapidly. By the first of October, carpetlayers were at work in the halls. Windows were in place, as were walls, doors, plumbing and air conditioning ducts running from individual window units which were set into the walls.

The offices took up more than 30,000 sq. ft. of the second parking garage level, with the remainder left for parking. Accounting groups reporting to Rex Pensinger, Director of Corporate



After: Approximately five weeks later, Accounting offices had moved into more than 200 offices quickly constructed to provide desperately-needed office space

Accounting, moved into the offices in mid-October.

"Where else could you work at Compaq and park this close to your office?" Driskill asked, gesturing to the parking spaces only a few feet from the offices' entry. "Rex can park here and get to his office in 30 seconds — provided he gets here early."

Other parking garage news...

Work is still underway to add a level of parking to both CCA garages.

Prompted by the company's continued growth, the project will add a total of 200 spaces for cars.

Construction was delayed due to problems in getting steel, but the garage by CCA 3 was expected to be finished by late October. The people parking in the garage by CCA 1 will temporarily lose the use of a level while construction is in progress, but things should be back to normal — with an extra level of parking — by the end of December.

Day gets off to a shaky start

Having a "shake" at McDonald's took on a whole new meaning recently when Compaq technicians experienced an earthquake while visiting one of the fast-food restaurants in Santa Barbara, Calif.

"I was walking up to the door of McDonald's when things started shaking," said Jeff Bailey, Electronics Engineering Technician at Perry Road, as he recalled his recent experience in Santa Barbara, California.

Bailey and three fellow Advanced Technology technicians from Houston were attending a four-day seminar in California when the state was hit with its worst earthquake since 1971. The quake was centered in the Los Angeles suburb of Whittier, approximately 90 miles from Santa Barbara. Several people died in the earthquake and its aftershocks, some from heart attacks. Early damage estimates were close to \$100 million.

Bailey said as people began exiting the fast-food restaurant, he gave his breakfast plans a second thought.

"I just backed up and said, 'I'll go through the drive-through window,'" he said.

Peter Reichenbach, Electrical Engineering Technician at Chasewood I, was already inside McDonald's waiting to place an order.

"It wasn't all that earth-shattering since we were 100 miles from its origin," Reichenbach said. "The people in front of me didn't seem to be too nervous about it. People at the counter kept taking orders."

James Hennessey and Jeff Enslow, both Electrical Engineering Technicians at Chasewood I, were still at the hotel in Santa Barbara when the earthquake hit.

"I was sitting on the end of the bed putting my shoes and socks on when the TV started shaking back and forth on its pedestal," Hennessey recalled. "I thought a big truck had come into the area and was vibrating the building."

Enslow, meanwhile, was still in bed — "I thought one of my colleagues had

come in and shaken the bed, trying to get me to wake up. But there was no one there," he said.

He got up and turned on the television, which showed a TV newsmen crawling out from under a desk on the set.

"He told people to stay under their desks or under doorways because of the possibility of another tremor. Someone asked him for how long, and he said it could be two seconds or nine months," Enslow said.

After the seminar ended, Enslow and Hennessey flew out of the Los Angeles airport, where Hennessey reported they found the city "pretty cleaned up for a place that had just experienced a medium to large earthquake."

All in a day's work

The people who work in Compaq California offices are accustomed to earthquakes, although the Oct. 1 quake was heavier than most, registering 6.1 on the Richter scale.

"We just got shaken up a little bit — it's a 'Shake 'n Bake' society out here," said Alfred Clayton, Regional Sales Secretary in Costa Mesa, approximately 60 miles from Whittier.

"We had no incidents within the building," he said, although people quickly exited the facility. "The blinds were banging against the building windows and glass partitions in the work



Alfred Clayton — 'Shake 'n Bake society'



Keith Pollock, left, and Cloys Tolbert, right, travel extensively as part of their work in Advanced Technology Engineering

area shook and rattled, but nothing was broken. The worst effect was that my apartment air conditioning unit was damaged. During California's hottest month of the year, my entire complex didn't have cool air — that was the 'bake' part of 'Shake 'n Bake.'"

More than 20 aftershocks occurred in succeeding days, including one on Oct. 4 which registered 5.5.

Approximately 500 miles from the earthquake center, people in the Pleasanton, Calif. offices of Compaq didn't feel it.

Even if they had, "you know it's going to happen and it really isn't any big deal. All of us have been through small ones," explained Cindy Raulino, Senior Secretary.

"We all become experts after a while. We know if it's 5.5 there's some damage; if it's 6.0 there's considerable damage, I've lived here my whole life and been through maybe 20 of them. Some you don't feel, some you sleep through. Years ago, we once had three or four in one month. I got a little jittery."

Raulino explained earthquakes come in different "types," ranging from rolling earthquakes to those that hit with a sudden jolt. There are small ones leading to one large quake, and large quakes with small aftershocks.

It's important to stay calm and react quickly, Raulino noted. Getting under a desk or doorway is a good idea, especially if you're on a ground floor. "They say buildings collapse from the bottom in an earthquake, not from the top," she said.

"I have sat here thinking about what I would do if one hit here. You hope you'll remember when it hits."

Raulino noted that many modern California buildings are designed to be "earthquake-proof," and that much of the damage in Whittier was to older buildings.

"In Alaska, I understand they build houses on rollers in some remote areas, so when an earthquake hits, the house rolls slightly," she said.

Japanese earthquake

About two years ago, two Compaq Advanced Technology engineers were in Japan to talk with disk drive vendors when Tokyo experienced a severe earthquake, its worst in decades.

Cloys Tolbert, Chief Technology Engineer, was getting ready to take a bath before going to bed when the quake hit.

"On television, they showed on a map where it measured 5.0, and in another place 4.0. One place was 6.0, and that was right about where our hotel was."

A few injuries were reported in the city, but no fatalities and minimal damage.

Keith Pollock, Research & Development Engineer, was on the telephone to the U.S. when the earthquake occurred.

"Just a minute," he told the caller as the hotel's intercom system began alerting guests — in three languages — not to be alarmed.

After a moment, the caller began talking again.

"Hold on a minute," he said again. "I think we're having an earthquake."

"You're having — WHAT DO YOU MEAN YOU'RE HAVING AN EARTHQUAKE?!" responded his startled caller.

Pollock recalled he was staying on the seventeenth floor of the hotel, which was designed to sway back and forth in an earthquake, preventing damage.

"Most buildings — certainly the taller buildings — are designed to be 'earthquake-resistant,' I believe they call it," he said. "Now that's an interesting term."

In true engineering fashion, Pollock then lapsed into a discussion of the physical principles involved, noting he thinks "it would be interesting to feel it on the ground without the dynamics of the building's design," as he began wondering whether and how much the sensation of the earthquake was amplified by the building's design, which . . .



From left: Jeff Bailey, Jeff Enslow, Peter Reichenbach and James Hennessey gather at a McDonald's restaurant in Houston, where — unlike in California — their meal plans were not interrupted by an earthquake

Seen in the press . . .

"The blades chewing their way through the logs in Georgia-Pacific Corp. sawmills these days are only half as thick as they used to be, thanks to the stronger metal alloy used to make the blades. Big deal, you say? Consider this: Because the thinner blades take a smaller bite out of the logs, wood that used to wind up as sawdust on the floor can now be converted into 800 railcars of Georgia-Pacific products every year.

"We already know that a kingdom can be lost for want of a nail in the shoe of the king's horse. Does that mean a saw blade can revitalize an economy? In a symbolic sense, the answer is yes.

"...American companies have a long way to go to reclaim the markets they have lost. Unless more companies become more efficient, a significant decline in the American standard of living may be unavoidable. Fortunately, a new breed of efficient companies is emerging to show the way, in one industry after another, from computers and financial services to steel and autos. Who are these top competitors?

"To find out, BUSINESS WEEK searched the BW Top 1000 companies with the largest market value. First the editors looked for companies that are standouts in their industries in labor productivity. That meant looking at sales and profits per employee, relative to the rest of the industry, and at the improvement of each company, after adjusting for inflation, over the past five years. The editors then screened out companies with subpar profits, measured by return on equity, and analyzed the remaining companies' progress and prospects before placing each one on the list. The top competitors, then, are the best at what business has always been about: applying labor and capital to an idea to provide a superior product or service."

(BUSINESS WEEK named Compaq one of the 51 most competitive companies in America.

The publication also noted Compaq is the top company in its "Bottom Line" category, which was based on es-

timated increase in earnings per share. The company's 1987 per-share earnings are expected to increase 83.8% over 1986 earnings.

Other top companies in that category were Digital Equipment, with a 77% increase, Squibb, with 70.7%, Marion Laboratories, with 69%, and Walt Disney, with 53.6%.)

Business Week
Oct. 5, 1987

"The Compaq Computer Corporation will introduce two new personal computers today, both of them faster and more powerful than any other PC's in the world. The new machines, which are called the (COMPAQ) DESKPRO 386/20 and the (COMPAQ) PORTABLE 386, signal the arrival of the second generation of personal computers based on the Intel 80386 microprocessor.

"...With both the desktop and the portable machines, Compaq is sending a clear message of hope to the estimated 10 million users of "industry standard" computers, which are also somewhat misleadingly called "I.B.M.-compatible" computers. I.B.M. has moved away from the standard, switching to a new line of personal computers, the PS/2's, that offer many advanced features but will not accept the old types of floppy disks or the old internal expansion cards.

"Compaq, on the other hand, remains a champion of tradition. According to Rod Canion, Compaq's president, the new 386 computers are now delivering on all of what I.B.M. is still promising, while allowing users to keep their investment in old floppies and plug-in cards."

The New York Times
Sept. 29, 1987

"In a development that hadn't been predicted in earlier reports speculating about the new models, Compaq said the (COMPAQ) DESKPRO 386/20 incorporates some changes to the pathway between the parts of the computer that actually perform computations and



Compaq President Rod Canion with new product

other parts and peripheral devices. The new pathway clears some of the bottlenecks of the pathway in other Compaq computers, which are based on the design set by International Business Machines Corp. with its IBM PC in 1981.

"The change is significant because IBM made changes to the pathway — which it calls the 'microchannel' — in its new line of computers introduced in April. The changes improved performance but made the new computers unable to work with many peripheral devices designed for computers based on the 1981 PC design.

"Rod Canion, Compaq president and chief executive, said...that the new Compaq pathway would differ in design from the new IBM machines, but match their performance while maintaining compatibility with peripherals and other devices made for the old design. The move signals that Compaq isn't rushing to copy the new IBM machines, though Mr. Canion didn't rule that out for the future. "This simply says we are committed to pushing ahead with higher performance within the (1981) industry standard," he said."

The Wall Street Journal
Sept. 29, 1987

"Compaq Computer is launching the world's fastest and most powerful

range of personal computers. Leapfrogging archrival IBM, the Texas computer maker will introduce in the US today desktop and portable models which outclass even the most powerful of IBM's latest Personal System/2 machines.

"...With its new models, Compaq has also taken a bold step toward establishing its own standards for personal computing. The new machines are compatible with the standards established by IBM's original personal computers, but they do not conform to the new IBM Personal System/2 design.

"...Compaq's personal computer performance leadership is a major coup, say industry analysts. Compaq has established itself as the largest fish in the small pool of personal computer 'power users' who seek the most powerful machines available. While this group may not be large, it tends to set the trends that the majority of PC buyers follow.

"Compaq's rejection of IBM's new PS/2 architecture in favour of its own microcomputer design is not, however, without risks. Since IBM's April introduction of the new product range, the personal computer industry has been split over whether to attempt to 'clone' the PS/2's internal design or, as Compaq has decided, to create a new systems architecture."

Financial Times
Sept. 29, 1987



Richard Swingle, Product Manager, Marketing, left, talks with Alex Kask, of Ernst & Whinney, during announcement events in New York. At right is Mike Swavely, Compaq Vice President of Marketing & Sales

Compaq Center gets shuttle service

A shuttle service was started in mid-October for people going from one building to another at Compaq Center. The shuttle service is not intended, however, to transport employees from parking garages and service parking to office buildings.

Two vans will make regular stops throughout the day at buildings throughout Compaq Center East (CCA 1, 2 & 3 and CCM 1 & 2) and sites at Compaq Center West, currently under construction. A CCW parking garage temporarily houses offices for Facilities and Accounting personnel. In December, the Printed Circuit Board shop will begin moving into CCM 3, also at Compaq Center West.

The shuttle service does not include Perry, Brookhollow, Sommermeyer and Papalote locations.

To obtain a shuttle schedule or further details, contact Rich Niermeyer, 374-1449.



Trying out the new shuttle service as it reaches CCM are, from left, PCB personnel Mark Forcier, Supervisor, Production Test; Brenda Leonard, Production Control Planner; and Stacey Brown, Driver, assisting passengers. Exiting the van is Steven Berg, Test Engineering Technician, Systems Engineering



Authorized COMPAQ Computer Dealers from Germany visited manufacturing operations while in Houston

Visitor offers gracious 'thank you'

A group of Authorized Dealers from Germany recently visited Compaq, where they met with company representatives and toured manufacturing operations.

The visitors were visibly enthusiastic as they followed their hosts through CCM, aided by a helpful security officer from the company's Loss Prevention group.

The officer's efforts didn't go unrecognized. One guest turned to thank her, glancing at her brass identification badge as he did so.

Mistaking the department ID for a name badge, he graciously personalized his appreciation.

"Thank you, Loss," he said as he left.

Two COMPAQ products win 'World Class' awards

Readers of PC World magazine recently selected the COMPAQ DESKPRO 386, Model 40, as the "Top Desktop Computer" in the fifth annual World Class PC Awards.

They also named the powerful desktop workstation the "Most Promising Newcomer" in the hardware category.

The COMPAQ PORTABLE II®, Model 20, took top honors in the "Transportable Computer" category.

"Times change," noted PC World in its October issue. "This fifth anniversary of the World Class celebration showcases a collection of 42 software and hardware products worth over \$30,000 — including a \$6500 desktop computer (the COMAQ DESKPRO 386) that can tackle jobs once reserved for minicomputers.

"...After playing Avis to IBM's Hertz for the last five years, Compaq has finally taken the driver's seat in the

Desktop Computer category with the (COMPAQ) DESKPRO 386. This breakthrough product, built around Intel's 32-bit 80386 microprocessor, was also voted the Most Promising Newcomer-Hardware.

"Had IBM's PS/2 line appeared in time for the contest, the results might have been different. But Compaq has earned its reputation for delivering solid machines, marketing them shrewdly, and backing them with a respected dealer network. By taking the plunge with the first 80386-based machine, Compaq stepped out of IBM's shadow — and confirmed for World Class voters that it's no copycat."

Readers who vote in the "World Class PC Awards" are eligible for prizes in a random drawing; this year's first-place award was a 40-megabyte COMPAQ DESKPRO 386, and the second-place award was a COMPAQ PORTABLE II.

Stock watch

Compaq stock price (per share) at closing, Sept. 16-Oct. 15

Sept. 16	Oct. 15	Low (Sept. 17)	High (Oct. 5)
\$57 ½	\$68 ⅞	\$57 ⅜	\$78 ¼

A great place to get away from it all — almost

For the first time in years, Rick Faulk and his wife, Lois, recently took a vacation.

Thousands of miles from Compaq, they toured the scenic wonders of Hawaii, even climbing to the summit of Diamond Head State Monument, which served as an observation station for U.S. military forces in the early 1900s.

While recovering their breath at the summit, they entered into conversation with another tourist, Donny Pardue, whose wife had gone to get a soft drink.

With the return of Pardue's wife, Shirley, the four introduced themselves all around, and discovered that they were all from Texas.

After sharing ideas on some of the places to see in Hawaii, the two couples learned that coincidentally, they were all from Houston. Further comparison

found that both couples had paid for their trips through the sale of some company stock.

"What company?" Faulk asked the other couple.

"Compaq," responded Shirley Pardue. "I work there."

Faulk and his wife broke into laughter as he admitted his Compaq stock had paid for their trip, too.

With the growth of Compaq, the two had never become acquainted since Rick Faulk works as a Senior Design Engineer at Perry Road, and Shirley Pardue works in international shipping for Customer Service at Brookhollow.

"All these people in Hawaii, and you run into someone from Compaq—" Pardue later said wonderingly. "It was really strange, but it was really neat. It was like finding a piece of home there."



Rick Faulk, left, and Shirley Pardue, right, both work at Compaq but didn't know each other until recently, they and their spouses met one day at a popular tourist site — more than 3,000 miles from Compaq, in Hawaii

Figuring the odds

In early November, the company's 1,000,000th computer will be manufactured.

The landmark computer will be presented to a Compaq employee, who will be selected in a random drawing from entries sent to **Inside & Out** in October.

Approximately 1,300 entries were received, making your chance to win 1 in 1,300.



So that's where those come from! (Doesn't everyone keep a jar of Freudian slips handy?)

College reps visit Compaq to discuss programs

Representatives of the Houston Weekend College program will be at Compaq Nov. 20 to offer degree counseling, evaluate transcripts and answer questions for current and prospective students.

The program provides weekend classes for people pursuing a degree, or those interested in additional college course work. Bachelor's degrees are offered in business administration and liberal arts studies.

Classes are offered on alternating weekends. Each class lasts 3 1/2 hours. A total of three 12-week sessions are offered each year.

Cost of the courses is \$156 per semester hour. If the course meets the requirements of the company's educational assistance program, students may be reimbursed for up to 80% of the

cost. With a deposit, payment may be deferred until reimbursement monies are received.

The program is sponsored by — and degrees awarded through — Our Lady of the Lake University in San Antonio. Classes are held on the campus of North Harris County College, 2700 W. W. Thorne Drive (located between I-45 and the Intercontinental Airport).

Brochures and other details of the program may be obtained by calling Lonnie Dufort, Assistant Coordinator of Student Services for Houston Weekend College.

For an appointment to talk with the college representatives while they are at Compaq, call Pat Sharp, Training & Development, 374-2390. The conferences will be held in Chasewood II, Room 6009, from noon to 3 p.m.

Blood drive

A recent blood drive at Compaq was received with enthusiastic response. People donated 622 units of blood during the week-long effort, bringing the company's total donations to 841 units for the year.

On the subject of meetings...

One harried manager called an impromptu meeting of his staffers, who — for the first time in more than two weeks — were in their respective offices at the same time.

The staffers grabbed chairs and sat down expectantly in his office, waiting to hear the reason they were called together.

"I haven't been in a meeting for at least 10 minutes," their manager explained as he greeted them. "I think I was just suffering withdrawal."

Change in plans

Last month's **Inside & Out** announced the pending retirement of Ted Papajohn.

As the issue was being distributed, Papajohn changed his plans and elected to forego retirement, staying on in the company's Industrial Design Group as a Senior Account Designer.

He laughed in an earlier interview "I don't want anything elaborate" as a retirement gift — just a Lamborghini sports car, as he suggested to John Gribi, Senior Vice President and Chief Financial Officer.

"There's a two-year waiting list for this car — I guess I'll have to stick around 'til one's available."

The good, the bad, and the ugly.
COMPUTERWORLD

We all live in a yellow subroutine.
COMPUTERWORLD

Disk space ... the final frontier.
COMPUTERWORLD

I can do windows
COMPUTERWORLD

I'm MIS-informed
COMPUTERWORLD

You ought to be in pixels
COMPUTERWORLD

New subsidiary opens in Sweden

Compaq recently announced its seventh wholly-owned European subsidiary, CCS Deskpro Computer AB of Stockholm.

The company will market the full line of COMPAQ Personal Computers in Sweden through its subsidiary.

The company's computers have been sold in Sweden since 1986 through Authorized Dealers. Product

shipments, sales and service support were previously provided by COMPAQ Computer GmbH, the company's European headquarters in Munich, West Germany.

"With the ability to provide local Compaq support, we plan to expand distribution of COMPAQ Personal Computers in Sweden by increasing the number of Authorized COMPAQ Com-

puter Dealers," said John Invarsson, the newly-appointed Director of Sales and Marketing for CCS Deskpro Computer AB.

"Sweden is known as one of the more demanding, quality-conscious countries in Europe," said Eckhard Pfeiffer, Senior Vice President, International Operations. "Our move into Sweden comes at a time when Compaq is strongly positioned to provide the

performance and quality required by the Swedish market."

Including Sweden, COMPAQ Personal Computers are available in 40 countries through a worldwide network of more than 3,000 full-service Authorized COMPAQ Computer Dealers.

Ever have one of those days?

8:30 a.m.



4:30 p.m.



Dick Kleven makes it easier for people to read his mood by simply adjusting his desk sign to the appropriate side. As Manager, Field Support Operations, his days can get pretty hectic — but not to the point that his colleagues have needed to call him "Sir" yet, he admits

Computer sale set for Nov. 14

A sale of used COMPAQ Personal Computers, which have been used internally, will be held Saturday, Nov. 14 at the company's Brookhollow location.

All full-time U.S. employees are eligible to purchase a maximum of two units each. People working in Compaq regional offices should submit their order forms to Nancy Greene, M022, by Nov. 13.

The sale will begin at 8 a.m., ending at 2 p.m. The units will be sold on a first-come, first-serve basis.

A total of 408 units are available. MS-DOS will be included with all units. A 90-day limited warranty also will be provided.

The units may be purchased through cashier's check, personal check or payroll deduction. An employee who has two or more current computer-

related payroll deductions must pay in full at the time of the sale.



For further details on the sale, check the notice of sale distributed to all personnel. You may also call Nancy Greene, (713) 374-1430 or Jackie Jones, (713) 374-1558.

Several COMPAQ products dropped

In conjunction with its recent introduction of new products, Compaq announced several models will be discontinued.

Models 70 and 130 of the COMPAQ DESKPRO 386 line will be discontinued, as well as the COMPAQ PORTABLE III Model 1 and the original COMPAQ Portable.

The company also reduced suggested resale prices on 14 options. Price reductions ranged from 9% to 40% for portable and desktop options.

"The models that are being discontinued will help reduce dealers' Stock Keeping Units (SKUs) and therefore reduce overhead. This will enable them to devote ample shelf space to our newly-expanded 386 line of high-performance products," explained Compaq President Rod Canion.

"Our price reductions also will help to reposition our products and options in light of our new product announcements," he added.

P R E V I E W



SPECIAL INTEREST

Scuba diving lessons, trips and equipment discounts are available through the **ACE Dive Club**. The group meets on the first Wednesday of each month at 5:30 p.m. in the CCA I auditorium. A trip to Cozumel, Mexico is planned Nov. 26-30, including round-trip airfare, four nights' lodging, three days of boat diving, and unlimited beach diving at a

ing, and unlimited beach diving at a cost of \$468. For details on the trip, contact Sherri Carr, 374-2755. To obtain information on the club, call Chip Allen, 374-5533.*

Members of the **ACE Writer's Club** share their works in a monthly newsletter. To request a copy of the newsletter or obtain information about the group — which meets every Tuesday at noon in CCA II, Room 2350 — call Sandra Maddux, 374-2201. A program on desktop publishing software will be offered Dec. 1.*

DISCOUNTS

The **Texas Renaissance Festival** continues weekends through Nov. 15 at a rural site near Magnolia. The outdoor festival features Renaissance-era entertainment, arts, crafts and refreshments. Discount tickets are available through ACE at a cost of \$8 for adults and \$4 for children. Contact the Employee Services volunteer at your location to purchase tickets. A list of volunteers is posted on the ACE bulletin board at each site.*



ASSOCIATION OF COMPAQ EMPLOYEES

Activities marked with an asterisk are sponsored by the Association of COMPAQ Employees (ACE). All full-time, permanent COMPAQ employees in Houston are part of ACE. Details on activities and registration forms may be found in ACE reader racks at each Houston site.*

ACE softball a winning effort

“He’s safe!” agreed several Compaq softball players excitedly as a teammate charged into first base. “Yee-e-e’re OUT!” called the first-base umpire. Team members retrieved their gloves from the dugout bench and ran onto the field to continue a hard-fought game — their second of the night. This team, as well as other men’s and co-ed softball teams, are sponsored by the Association of Compaq Employees (ACE). Bart Bartholomew, Advanced Technology Engineering Technician, Chasewood I, headed for the pitcher’s mound. The right knee of his gold-green-and-white uniform was torn and bloodied from a slide into second base in the first game of the evening, which Compaq won 15-7. “That makes it match the other knee,” he earlier noted, recalling a similar mishap in a game the previous week. Good fielding soon brought the Compaq team back to the dugout to bat, where they studied the relief pitcher brought in by the opposing team, the Free Agents. “He’s putting a little more spin on it than that other guy did,” a teammate advised as the batter hit a short pop-up for an easy out. “Yeah, this guy’s got some spin on



James Edwards, Electronic Design Engineer, Chasewood I, slides into third base as the COMPAQ True Grit win the second game of a doubleheader

it,” agreed Terry Thomas, Engineering Technician, CCM. “They’ve got some good sticks on this team,” he added, having fielded some strong hitting by the Free Agents, who stood 6-1 at the start of the game.

‘True Grit’

In mid-October, the Compaq “True Grit” team held a strong second place in its league, which plays at Klein park in northwest Houston. They’re cheered on by various family members and friends who have braved the heat — and lately the cold — to watch the Wednesday night doubleheaders.

Catcher Gary Thompson, Advanced Technology Research & Development Engineer, is encouraged by his wife, Roxann, who also seves as the team’s scorekeeper. “We try to keep the umps straight,” she confided as she sat with other Compaq fans in the bleachers near the team’s dugout. Diana Parker nodded in agreement as she watched her husband, Cliff — a Research & Development Senior Technician — on deck as he waited to bat. Leaning over, she spoke to their small son, Cliff Jr., who was sitting on her lap eating a grape Tootsie Roll Pop. “Tell Daddy to swing level in a

minute,” she suggested. The youngster took the sucker from his mouth and called over to his father. “Swing level in a minute!” he advised, then resumed work on his sucker as nearby fans burst into laughter. His coaching evidently served the team well, as it went on to win its second game of the evening 14-11, in spite of a surge by the opposing team in the final inning. After the game, Roxann Thompson brought the scoreboard to the team’s pitcher/manager as he drank a Coke at the concession stand. “Now you’ve got to go home and take care of that,” she instructed Bartholomew, pointing at the torn, bloody knee of his uniform. “The pants or the knee?” queried another fan. She paused and looked again at the uniform. “The pants! The pants, of course!” she grinned as she went to join her husband. Teams sponsored by ACE play in various men’s and co-ed softball leagues in Houston. If you’re interested in joining a team or in obtaining game times to cheer a team on, contact Bart Bartholomew at 374-5410.

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